B.C. Economic Briefing

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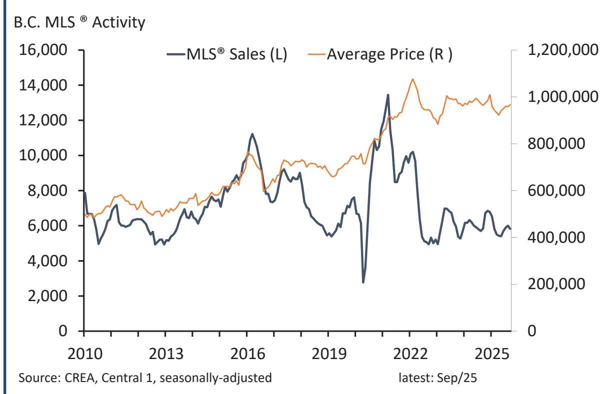
central 1 Economics

Highlights

- B.C. home sales decline in September by 3.0 per cent; prices rise by 1.0 per cent
- Durable goods manufacturing sales increased by 0.4 per cent while non-durable goods manufacturing sales increased by 1.4 per cent
- B.C. housing starts fell in September
- Canadian permits decline in August
- B.C. reported higher residential and non-residential building permits

Home sales dip in BC; prices rise in September



Home sales fall in B.C. in September

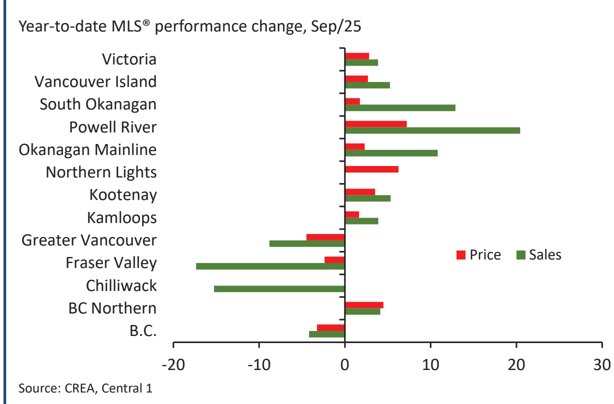
Eloho Ennah, Economic Analyst

B.C. home sales reversed course in September following three consecutive monthly increases. MLS® sales in the B.C. declined by 3.0 per cent m/m to a seasonally-adjusted 5,820 units, which was also 0.3 per cent lower than a year ago. Economic headwinds and persistent affordability challenges remain an anchor on market conditions.

At the real estate board level, sales decreased in most regions. Sales fell in Greater Vancouver by 6.8 per cent, driving the provincial downturn in September. In Chilliwack, sales declined by 5.9 per cent while down on Vancouver Island (excluding Victoria) by 4.0 per cent. South Okanagan sales also decreased by 10.0 per cent. Monthly sales can swing widely, but sales patterns across the province have been mixed. The Lower Mainland-Southwest is experiencing tempered market conditions while sales growth is relatively positive in the Okanagan region. Both Northern B.C. and the Kootenay have seen a sustained downtrend in sales. The impact of economic conditions is evident in expensive markets like B.C. given significantly higher mortgage payments and higher default and delinquency risk in the event of job loss.

Provincial new listings rose in September slightly by 0.8 per cent, and the sales-to-new listing ratio at 42.5 per cent sits in a near buyers' market. Weaker conditions are observed in the Lower Mainland, with relatively balanced conditions in other areas.

Lower Mainland housing market underperforms in 2025



Average prices increased by 1.0 per cent in September to $967K. This was 0.3 per cent more than a year ago and trending higher since March 2025; although 10.2 per cent below all-time high in February 2022. In Greater Vancouver, prices increased by 0.9 per cent and while up in Victoria by 3.2 per cent. These areas are the most expensive in the province with home prices above $1 million. Benchmark composite prices, which are a better gauge of trend, were flat month-to-month at the provincial level and within most real estate markets.

Limited immigration and unaffordability will continue to drag on the housing market, especially in more expensive regions like the Lower Mainland which is seeing high levels of unsold inventory. This may put downward pressure on prices and alleviate some affordability challenges. That said, buyers remain hesitant as slowing economic activity and labour market slack persist. Subdued market conditions will likely progress into the coming months given uncertain economic prospects but more Bank of Canada rate cuts may incentivize more buyers to return to the markets in the next months.

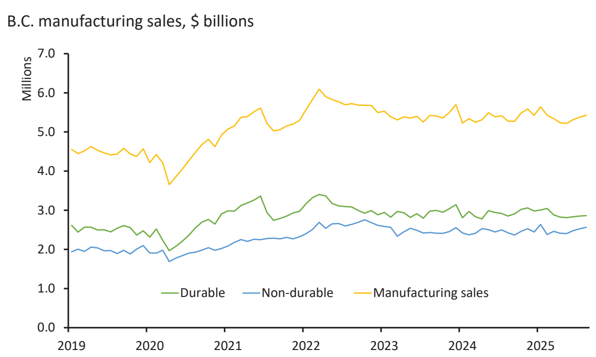
B.C. manufacturing sales increased in August

Ivy Ruan, Senior Analyst

Manufacturing sales in B.C. increased in August, marking a third consecutive monthly gain. On a seasonally-adjusted basis, manufacturing sales in the province increased by 0.9 per cent to $5.4 billion. The monthly increase was largely due to growing non-durable goods sales, which increased by 1.4 per cent to $2.6 billion, while durable goods sales rose by 0.4 per cent to $2.9 billion. The manufacturing sales figures in the province have been rangebound since mid-2023. Unadjusted sales were 0.3 per cent higher when compared to 2024 on a year-to-date basis.

Within the durable goods sector, the primary metal manufacturing subsector surged 23.8 per cent, the highest seasonally-adjusted level since February 2025 as commodity prices have been on the rise. On the other hand, transportation equipment manufacturing sales fell 18.6 per cent to reverse a 16.6 per cent gain in July. Year-to-date manufacturing sales of durable goods in B.C. were flat from 2024 on unadjusted basis.

B.C. Manufacturing sales rose in August



Source: Statistics Canada, Central 1 latest: Aug/25

Data for most subsectors in the non-durable goods category is suppressed for confidentiality reasons, but food manufacturing sales increased in August by 1.0 per cent. Year-to-date unadjusted non-durable goods sales have grown by 1.3 per cent compared to the same period in 2024.

In the Vancouver metro area, seasonally-adjusted manufacturing sales increased by 1.4 per cent following a growth of 1.8 per cent in July.

Decline in housing starts continues in September

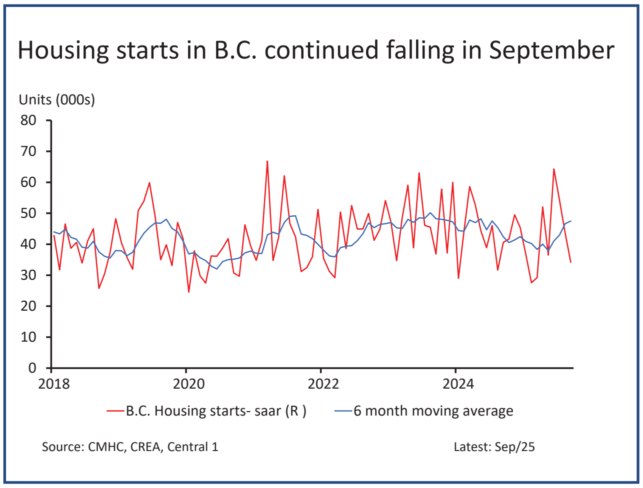
Eloho Ennah, Economic Analyst

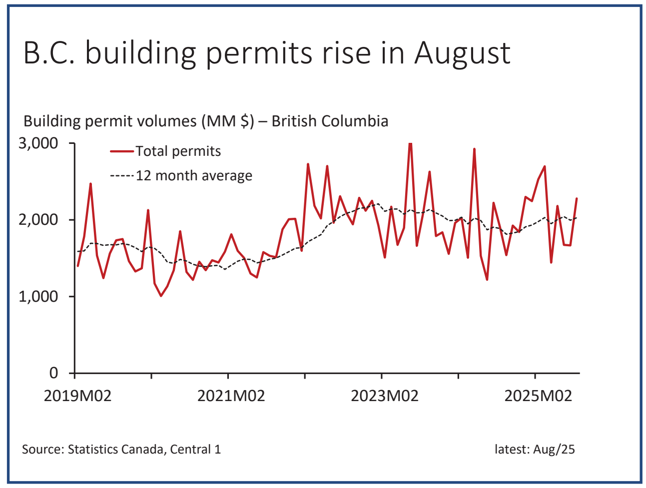
September marked another subpar month in housing starts in the province as starts continued to fall for a third straight month. On a seasonally-adjusted annualized basis, urban area housing starts declined by 21.6 per cent to 34,162 units in B.C.. Multi-family starts drove the overall decline, falling 23.3 per cent from the previous months while single-family housing starts decreased by 5.2 per cent.

Although starts values tend to fluctuate monthly, the six-month average has remained on an upward trend since May 2025. While there has also been an upturn in permits issued in the province in the past months, construction activity may slow soon given the lagged impacts of a weakening economy, lower presales in recent years, and a challenging real estate market.

Of the seven largest urban regions in B.C., four reported substantial increases in housing starts in September. Although their cumulative gains were not enough to counter significant losses in major centres like Vancouver, where starts decreased by 22.4 per cent to an annualized 23,267 units from 29,969 units, Nanaimo (-84.8 per cent), and Victoria (-64.4 per cent).

B.C.'s year-to-date housing starts volume was down from last year, with 31,586 units started in the first nine months of 2025 compared to 32,351 in 2024. Multi-family units were 1.1 per cent lower compared to same period last year at 28,587 units and single-family starts declined 10.5 per cent, from 3,349 units to 2,999 units.





Four of B.C.'s seven metro areas recorded higher unadjusted housing starts year-to-date, including Abbotsford-Mission, Chilliwack, Kamloops and Victoria. Vancouver saw 0.6 per cent lower housing starts year-to-date compared to the same period last year. Across Canada, year-to-date housing starts grew 5.4 per cent year-over-year as of September 2025. Multi-family starts increased by 7.3 per cent, while single-family starts have declined by 2.7 per cent.

B.C. construction sector permits up significantly in August

Eloho Ennah, Economic Analyst

The total value of building permits issued in Canada declined in August after a steady July. On a seasonally-adjusted basis, permits fell by 1.2 per cent (-$139.2 million). Sharp decreases in Ontario and Alberta offset major gains in British Columbia. Year-to-date, building permits issued decreased by 0.6 per cent on a constant dollar basis.

After a minor decline in July, B.C. reported a sharp gain in August permits. Seasonally-adjusted permits in the province increased by 36.7 per cent to $2.3 billion following a 0.4 per cent decrease in the prior month. Despite monthly fluctuations, the 12-month moving average still trended higher. Year-to-date, nominal volume of permits were up by 7.4 per cent, while on a constant dollar basis, permits went up by 4.0 per cent.

This month's increase was largely driven by much higher non-residential permits, up by 55.4 per cent to $788K in August following a downtick of 1.3 per cent. Within the category, industrial permits and institutional building permits increased by 61.9 per cent, while commercial building permits increased by 65.8 per cent. The institutional and governmental component also noted a gain of 39.4 per cent.

Residential sector permits rose by 28.6 per cent to $1.5 billion. Within the sector, single-dwelling building permits increased only slightly by 0.7 per cent while the majority of the gains were seen in the multi-dwelling building sector, with a 35.8 per cent increase in permits in August.

The majority of B.C.'s metro areas reported higher permits in August. Vancouver permits increased by 52.5 per cent while doubling in Nanaimo. Permits were also up significantly in Victoria and Abbotsford-Mission by 34.5 per cent and 40.6 per cent, respectively. In Kelowna, permits increased by nearly 50.0 per cent. On the contrary, permits fell in Kamloops and Chilliwack by 13.4 per cent and 63.9 per cent, respectively.

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